



KIM BELSHÉ  
SECRETARY

# HEALTH AND HUMAN SERVICES AGENCY PRESS RELEASE

FOR IMMEDIATE RELEASE  
July 11, 2005

CONTACT: Nicole Kasabian Evans  
Sabrina Demayo Lockhart  
(916) 654-3304

## BUDGET BOLSTERS STATE HEALTH AND HUMAN SERVICES *Spending Plan Protects California's Most Vulnerable Citizens*

**SACRAMENTO** – California has ushered in a new fiscal year with a budget that protects eligibility for more than 7 million low-income Californians who rely on the state for medical care, California Health and Human Services Agency (CHHS) Secretary Kim Belshé announced today.

"This year the Governor protected eligibility for health and human services across the board," said Belshé. "This budget reflects the fiscal imperative to bring expenditures and revenues in closer alignment while also ensuring that Californians retain access to vital services and programs."

"The budget protects essential health services for those in most need by investing an additional \$1 billion in health care to protect eligibility in critical programs like Medi-Cal and Healthy Families, a remarkable accomplishment given the state's ongoing budget challenges," Belshé continued.

This budget includes a number of targeted investments that address emerging issues and promote continued access to services to support the health and well-being of Californians. Eligibility is protected for essential services like Healthy Families, Medi-Cal and those serving persons living with HIV/AIDS. In addition, new steps are taken to maximize enrollment for eligible uninsured children in public health insurance programs.

### Health and Human Services Budget Highlights

- **Children as a Priority Investment:** The budget expands Healthy Families enrollment by more than 125,000 and increases enrollment and outreach activities to ensure more eligible children receive valuable health care coverage and treatment, a \$162.2 million investment.
- **Trauma Centers:** The budget includes \$10 million to assist trauma centers in expanding hospital surge capacity, especially during a terrorist event or natural disaster; ensuring 24-hour availability of specialty physicians and surgeons, acquiring essential equipment and coordinating ambulance transportation services.
- **Maximizing Federal Funds:** The budget maximizes federal funding by deferring payment of federal penalties for the statewide child support collection system, saving more than \$200 million. Also, a reduction in the food stamp error rate led to the federal government waiving more than \$12 million in penalties.
- **Medicare Modernization Act (MMA):** To assist clients' and consumers' transition from Medi-Cal drug coverage to Medicare's prescription drug plan, more than \$100 million is included for continuity of care, outreach, training and support for the roughly one million affected Medi-Cal beneficiaries.

#### Agency Departments & Boards:

Aging

Alcohol and  
Drug Programs

Child Support  
Services

Community Services  
and Development

Developmental  
Services

Emergency Medical  
Services Authority

Health Services

Managed Risk  
Medical Insurance

Mental Health

Rehabilitation

Social Services

Statewide Health  
Planning and  
Development

- **Prop. 99/Tobacco Tax:** Due to improved tax collection on non-cigarette tobacco products and other Prop. 99 savings, a one-time windfall includes:
  - \$3 million to expand tobacco control and smoking prevention activities;
  - \$23 million to support county costs for caring for the uninsured;
  - \$3 million for asthma prevention activities;
  - \$3 million in a loan repayment program for doctors serving rural or low-income communities;
  - \$3 million for Rural Health Demonstration Projects to improve access to health services for underserved populations; and
  - \$32 million to deter smoking and fight the effects of smoking addiction.
- **West Nile Virus (WNV):** In anticipation of increased and widespread WNV activity across California, an additional \$12 million is included to supplement funding for local agencies to support expanded mosquito control efforts to protect public health and prevent WNV-related illness and death. As of July 11, the Department of Health Services has confirmed that two Californians have been infected with WNV.
- **Addressing the Chronically Homeless Initiative:** Nearly \$2.5 million of Proposition 63 funds for rent subsidies and county projects will promote stable housing for homeless persons suffering from mental illness. The budget also contains \$40 million from existing housing bonds and \$10 million from the California Housing Finance Agency to create 400 to 500 units of permanent housing for the homeless, which include supportive services for residents.
- **CalWORKs Pay for Performance:** Consistent with the Governor's commitment and emphasis on work participation for CalWORKs recipients, counties will be offered incentives to encourage, develop and implement strategies that effectively help participants obtain work and achieve self-sufficiency. By increasing the number of working participants, Pay for Performance will reduce dependence on aid, leading to lower grants costs and estimated savings of \$22.2 million.
- **Medi-Cal Redesign:** This budget makes an important down payment on the Governor's plan to redesign the Medi-Cal program by expanding managed care for women and children into 13 new counties. The Governor's redesign will not be fully implemented until more blind, persons with disabilities and seniors are transitioned into managed care. While Medi-Cal is essential to our state's health care financing and delivery system, its future is threatened by spiraling costs. A recent Public Policy Institute of California report found that, if left unchecked, Medi-Cal will consume one out of every five General Fund dollars within the next decade. The blind, persons with disabilities and seniors not in managed care represent 25 percent of beneficiaries and account for 94 percent of all Medi-Cal costs. Under the terms of a new agreement with the Federal government, \$360 million of \$3.3 billion in new federal funds for safety net hospitals are linked to California's expansion of managed care. The Governor looks forward to working with the Legislature during the remainder of this legislative session in order to secure these additional funds for California's safety net and provide greater access and improved health care outcomes for California's most vulnerable residents.

- **Olmstead Implementation:** The budget supports the Administration's commitment to change state policies and programs so older Californians and persons with disabilities have the options that allow them to remain living in community settings rather than face institutionalization. This budget includes funding for:
  - Implementation of Proposition 63 (Mental Health Services Act) to create a state-of-the-art, culturally competent mental health system, promoting recovery and wellness for persons with severe mental illness and children with serious emotional disorders and their families.
  - Protection of the Lanterman Act, which entitles individuals with developmental disabilities to services that support their ability to live independently in the community;
  - Support of Agnews Developmental Center closure to integrate developmentally disabled residents into the community.

CHHS oversees eleven departments and one board that are responsible for providing essential medical, dental, mental health and social services to California's at-risk residents. Services provided through Medi-Cal, Healthy Families, CalWORKs, In-Home Supportive Services, regional centers and other programs touch the lives of millions of Californians. CHHS programs provide access to short- and longer-term services and supports that promote the health, well-being and independent living of our state's most vulnerable children, adults and families.

###